

## DOCUMENT RESUME

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Report to Sen. H. John Heinz, III; by Henry Eschwege, Director, Community and Economic Development Div.

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Organization Concerned: Consolidated Rail Corp.; Interstate Commerce Commission.

Congressional Relevance: House Committee on Interstate and Foreign Commerce; Senate Committee on Commerce. Sen. H. John Heinz, III.

Authority: Railroad Revitalization and Regulatory Reform Act of 1976 (P.L. 94-210). Regional Rail Reorganization Act of 1973 (45 U.S.C. 701).

The Railroad Revitalization and Regulatory Reform Act of 1976 required that each railroad designated by the Interstate Commerce Commission (ICC) as a class I railroad prepare and submit a full and complete analysis of its rail system to the Secretary of Transportation. A review was conducted of the Consolidated Rail Corporation's (Conrail's) procedures in gathering information for determining the classification and designation of rail lines, the circumstances surrounding the closing of Conrail's piggyback terminal in Scranton, Pennsylvania, and Conrail's plans for the rail line serving Scranton. Findings/Conclusions: Conrail's estimated annual volume of about 4.5 million gross tons for the Scranton line was determined by train movements during the week of December 12, 1976. Conrail's data accurately portrayed the then-current level of traffic, and the line was correctly designated as a category A branchline. In April 1976, Conrail petitioned the ICC for permission to close the Scranton terminal, but the ICC made Conrail keep Scranton and 26 other terminals open pending further study and public hearings. The ICC allowed the closure of the Scranton terminal in October 1976 after the study and hearings were completed. According to Conrail, industrial service within Scranton is basically unchanged, and the service connecting Scranton with other major traffic centers is also substantially the same. A majority of rail users in the Scranton area believed the frequency of local service was as good as that before Conrail, but this opinion was not unanimous. (BRS)

58914

REPORT BY THE U.S.

# General Accounting Office

## Information On Questions About Conrail's Service In The Scranton, Pennsylvania, Area

Conrail submitted estimated 1976 traffic volumes to the Department of Transportation for determining the classification and designation of its rail lines. GAO found that Conrail's data accurately portrayed the then-current level of traffic on the Scranton-Stroudsburg line.

The Interstate Commerce Commission's hearings on Conrail's request to close its Scranton piggyback terminal were held in Washington, D.C. The Commission said that such hearings are usually held in Washington and that the hearing was publicized in the usual manner.

Conrail acquired four major routes between northern New Jersey and western New York State. It is evaluating each of these to determine which should be mainline routes for through traffic. GAO found that Conrail's analyses were comprehensive and adequately considered the technical and economic aspects of each route.



CED-78-82

APRIL 4, 1978



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

COMMUNITY AND ECONOMIC  
DEVELOPMENT DIVISION

B-164497(5)

The Honorable H. John Heinz III  
United States Senate

Dear Senator Heinz:

As requested in your July 1, 1977, and October 13, 1977, letters and discussions with your office, we reviewed (1) the Consolidated Rail Corporation's (Conrail's) procedures in gathering information submitted to the Department of Transportation for determining the classification and designation of rail lines pursuant to Section 503 of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210, Feb. 5, 1976), (2) the circumstances surrounding the closing of Conrail's piggyback terminal in Scranton, Pennsylvania, in November 1976, and (3) Conrail's plans for the rail line serving Scranton. Our detailed findings are included as appendix I.

DATA AND METHODS USED TO CLASSIFY CONRAIL'S  
RAIL LINES

Section 503 specifically exempted the railroads reorganized into Conrail from its reporting requirements. However, the Department of Transportation obtained Conrail's estimated volume of traffic for each of its lines during 1976. The estimated annual volume of about 4.5 million gross tons for the line through Scranton and Stroudsburg, Pennsylvania, was determined by train movements during the week of December 12, 1976. Our review showed that Conrail's data accurately portrayed the then-current level of traffic on the Scranton-Stroudsburg line and that the line was correctly designated as a category A branchline.

CLOSURE OF SCRANTON PIGGYBACK TERMINAL

Conrail originally petitioned the Interstate Commerce Commission for permission to close its Scranton piggyback terminal in April 1976. The Commission, however, required Conrail to continue operation while it investigated the proposal. In its October 28, 1976, decision, the Commission found that Conrail's position was adequately justified and noted that no shippers appeared at a public hearing to oppose the proposed closing. The hearing was held in Washington, D.C., as is usually done, and involved proposals for numerous

terminals in several States. The hearing was publicized in the usual manner. There was representation and participation by numerous shippers and public authorities.

CONRAIL'S PLANS FOR THE SCRANTON ROUTE

Resulting from the consolidation of the bankrupt predecessor railroads, Conrail acquired four major routes--including the Scranton route--between northern New Jersey and western New York State. (See app. II.) Because of possible redundancy and inefficiency in this route structure, Conrail is evaluating each route to determine which should be mainline routes for through traffic. Although Conrail management has not made a final decision, its analyses indicated that other routes were preferable to the Scranton route for through traffic. We found that Conrail's analyses were comprehensive and adequately considered the various technical and economic aspects of each route. We noted that local freight service to shippers in Scranton was virtually the same as that provided by the former Erie Lackawanna Railway before it became part of Conrail.

We obtained comments from the Department of Transportation and Conrail on the matters covered in this report. Both agreed with our information.

As arranged with your office, we are sending copies of this report to appropriate Senate and House committees; Congressman Joseph M. McDade and other Members of Congress; the Director, Office of Management and Budget; the Secretary of Transportation; the Chairman and Chief Executive Officer, Conrail; and the Chairman and Chief Executive Officer, United States Railway Association.

Sincerely yours,

A handwritten signature in cursive script that reads "Henry Eschwege".

Henry Eschwege  
Director

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#### APPENDIX

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#### ABBREVIATIONS

CNJ	Central Railroad of New Jersey
Conrail	Consolidated Rail Corporation
D&H	Delaware & Hudson Railway
DL&W	Delaware, Lackawanna & Western Railroad
FRA	Federal Railroad Administration
ICC	Interstate Commerce Commission
UPS	United Parcel Service
USRA	United States Railway Association

INFORMATION ON QUESTIONS ABOUT CONRAIL'S SERVICE IN  
THE SCRANTON, PENNSYLVANIA, AREA

BACKGROUND

Section 503(a) of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210, Feb. 5, 1976) required that each railroad designated by the Interstate Commerce Commission (ICC) as a class I railroad prepare and submit a full and complete analysis of its rail system to the Secretary of Transportation by May 1976. This analysis was to indicate the traffic density for the preceding 5 calendar years on each of the main and branch rail lines of the railroads. These requirements did not apply to any railroad subject to reorganization pursuant to the Regional Rail Reorganization Act of 1973 (45 U.S.C. 701).

Section 503, parts (b) through (e), required the Secretary of Transportation to publish preliminary classification standards and designations for main and branch rail lines, (2) provided for public hearings to be conducted by ICC's Rail Services Planning Office, and (3) required the Secretary of Transportation to publish, after considering the Rail Services Planning Office report, final classification standards and designate each mainline and branchline according to these standards.

According to the Department of Transportation, this process resulted in ranking rail lines, which could serve as a guideline for future investments in track. Pursuant to section 503, the Department issued a report which was intended to develop a framework for viewing the current rail system and to describe the system in terms of that framework.

This report is to be considered in the capital needs study, required by section 504 of the act under which the Secretary of Transportation is required to make legislative recommendations to the Congress as to the amount and form of financial assistance the Government should give the rail industry. In contrast to the section 504 study, which looks to the future of the rail system, the section 503 report provides a look at the class I rail system as it currently exists.

As required by section 503, the Department published its preliminary standards, classifications, and designations on August 3, 1976. After hearings were conducted by the Rail Services Planning Office, the Department published interim final standards, classifications, and designations on January 19, 1977. A final report was issued on June 30, 1977. The Associate Administrator for Policy and Program

Development, Federal Railroad Administration (FRA), was responsible for preparing the preliminary and final reports.

Generally, the Department reports categorized rail lines as follows.

Category A mainline: A line carrying at least 20 million gross tons a year, required to provide service to major markets (at least 75,000 carloads of freight annually), or essential for national defense.

Category B mainline: A line carrying between 5 million and 20 million gross tons annually but failing to qualify for category A mainline status because it is not needed to provide service to major markets or does not meet considerations of national defense.

Category A branchline: A line handling between 1 million and 5 million gross tons annually.

Category B branchline: A line carrying less than 1 million gross tons annually.

The Department designated the former Erie Lackawanna Railway line through Scranton and Stroudsburg, Pennsylvania, as a category B branchline in its preliminary report. However, based on information provided to the Department by the Consolidated Rail Corporation (Conrail), the line was redesignated as a category A branchline in the final report.

#### DATA AND METHODS USED TO CLASSIFY CONRAIL'S RAIL LINES

For its preliminary report, the Department relied on the data supplied by the railroads under section 503(a) of the Railroad Revitalization and Regulatory Reform Act of 1976. Conrail, however, was exempt from the reporting requirements of title V of the act, including section 503. This exemption was confirmed in a letter from FRA to the Chairman and Chief Executive Officer of Conrail dated July 13, 1976. Therefore, in preparing the preliminary report, the Department did not ask Conrail for any information. Instead, it obtained data from the United States Railway Association (USRA) <sup>1/</sup> on the lines from the bankrupt railroads, which were conveyed to Conrail.

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<sup>1/</sup>USRA is a nonprofit, mixed-ownership Government corporation which prepared the Final System Plan for the reorganization of the bankrupt railroads into Conrail.

Conrail officials reviewed the Department's preliminary report and noted numerous errors in ownership data and classification of lines. As a result, in October 1976, Conrail gave the Department data to correct these errors.

The Department determined that in order to make complete and accurate designations of all class I railroad lines in its final report, it had to obtain estimates of current traffic levels on Conrail lines directly from Conrail. In December 1976 Conrail gave the Department a map showing the current traffic levels on all its mainlines and branchlines.

When the Department asked Conrail for information on traffic densities, the most current summarized information available was a volume density map showing 1975 traffic volume on lines which were conveyed to Conrail. This information was supplied by the various bankrupt predecessor railroads. Because many traffic patterns had changed since the consolidation on April 1, 1976, Conrail's operations department determined that the map had to be updated to reflect operating changes. In the case of the Scranton route, the Port Jervis route, and a route through Allentown and Wilkes-Barre, the tonnages were developed from a study of train movements for the week of December 12, 1976. This information was obtained from train dispatchers' record sheets. Train movement data for the week was multiplied by 52 for an estimated annual total. This method showed that the Scranton route had an annual volume of 4.5 million gross tons, placing it in the A branchline category.

The week of December 12 was selected because it provided the most current available data, and there was not enough time to do a more detailed analysis and still respond to the Department in a timely fashion. Subsequently, Conrail developed a more detailed traffic volume study using seasonally adjusted data from a 2-week period in April and May 1977. This data showed a further decline in traffic volume on the Scranton route to 4.0 million gross tons annually, but this drop did not change the A branchline designation. Both the 1976 and 1977 volume data for the Scranton route showed that it was carrying considerably less tonnage than the 12.9 million gross tons carried in 1975, when it was operated by the Erie Lackawanna Railway.

Since FRA requested only current estimates of traffic volume, the data furnished was based on a period when traffic had already been diverted from the Scranton route to other Conrail routes. (See p. 6.) FRA officials told us that the report required by section 503 was to depict the national rail network as it currently existed and that it was to be used as one element in deciding how to disburse funds from the Railroad Rehabilitation and Improvement Fund



established under title V of the Railroad Revitalization and Regulatory Reform Act of 1976. Consequently, FRA tried to avoid using data that did not portray the current situation.

Our review showed that the data submitted to FRA accurately portrayed the then-current traffic level on the Scranton-Stroudsburg line and that it was correctly designated under the standards developed by FRA as a category A branchline. We found no basis to question the procedures the Department used to establish standards, classifications, and designations of rail lines pursuant to the requirements of section 503.

#### CLOSURE OF SCRANTON PIGGYBACK TERMINAL

A piggyback terminal is used to load or unload truck trailers or containers on or off railroad flatcars. During preconveyance planning several piggyback terminals, including the one at Scranton, were identified by USRA and Conrail planners as candidates for closure. In April 1976 Conrail petitioned ICC for permission to close its Scranton terminal. However, ICC made Conrail keep Scranton and 26 other terminals open pending further study and public hearings. On October 28, 1976, after the study was completed, ICC allowed Conrail to close 23 of its terminals, including the one at Scranton. In the decision allowing the Scranton closing, ICC stated:

"No shipper appeared at the public hearing in opposition to the proposed closing of the Scranton TOFC [1/] terminal. The Commonwealth of Pennsylvania opposes cancellation, but presents no adequate factual basis to overcome the Conrail evidence.  
\* \* \* On balance, we believe the Conrail proposal to cancel the Scranton rates is adequately justified."

ICC's hearing was held in Washington, D.C., on May 26 and 27, 1976, and involved proposals to cancel intermodal service at numerous terminals in Indiana, Michigan, Ohio, New York, and Pennsylvania. ICC told us that it usually holds such hearings in Washington, and that the hearing was publicized in the usual manner, including a notice in the Federal Register and mailings to parties on a service list maintained by ICC. This list included the Economic Development Council of Northeastern Pennsylvania.

ICC officials said that they had no indication that the parties had any difficulty in attending and presenting their cases in Washington. Their records showed a substantial

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1/TOFC--trailer on flatcar--also referred to as piggyback service.

representation and participation in the hearing by numerous shippers and public authorities. The two largest users of intermodal rail services in the Scranton area told us they had known about the hearing but chose not to attend.

On November 30, 1976, Conrail closed the Scranton terminal for two reasons. First, United Parcel Service (UPS) traffic from Allentown, Pennsylvania, which represented about 40 percent of the traffic in and out of Scranton, was diverted to a Penn Central piggyback facility in Harrisburg, Pennsylvania. This was done by UPS, with the concurrence of the Erie Lackawanna in January 1976. Conrail has continued to provide UPS with this service via its Harrisburg terminal, and UPS is no longer interested in using the terminal at Scranton. Second, the Delaware & Hudson Railway (D&H) operates a piggyback facility at Yatesville, Pennsylvania, about 18 miles from Scranton. When Conrail was operating its terminal between April and November 1976, the D&H was providing better service out of Yatesville than Conrail was out Scranton. Consequently, many of the area shippers diverted their business to the D&H, which further decreased the traffic volume at Scranton. Conrail concluded that there was not enough business to profitably support both terminals.

Since the closing of the Scranton terminal, local shippers have complained that service provided by the D&H out of Yatesville has deteriorated. The D&H, which restructured its piggyback operations in 1977, is no longer providing 2- and 3-day service to Chicago for the Scranton shippers, as it did before. The shippers said that it now takes about 7 days to Chicago, which is totally unacceptable for their needs.

Although the Scranton terminal has been closed since November 1976, Conrail told us that it is still concerned about piggyback service in the area. We were informed that Conrail and the D&H have discussed a proposal which would allow the D&H to move piggyback traffic out of its Yatesville terminal to Harrisburg, where Conrail would pick up the trail vans for westbound movement. However, we were told that labor agreements had not been reached and as yet, no final decision had been made.

#### CONRAIL'S PLANS FOR THE SCRANTON ROUTE

Before the 1960 merger of the Erie Railroad and the Delaware, Lackawanna & Western Railroad (DL&W) to form the Erie Lackawanna Railway, each carrier had a separate route from northern New Jersey to western New York State. The route through Scranton was the mainline of the former DL&W, while the Erie's mainline ran through Port Jervis, New York. Following the merger, most of the duplicate routes west of Binghamton, New York, were eliminated; however, the two

## APPENDIX I

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mainlines between Binghamton and northern New Jersey were retained by the Erie Lackawanna.

An additional route from northern New Jersey to western New York State was operated by the Lehigh Valley Railroad through Allentown, Wilkes-Barre, and Sayre, Pennsylvania, and a fourth route was operated by the Penn Central along the Hudson River to Selkirk, New York (near Albany), then across the middle of New York State to Buffalo.

Under the Final System Plan prepared by USRA for the restructuring of the bankrupt railroads into Conrail, both of the former Erie Lackawanna routes were scheduled for conveyance to the Chessie System; Conrail was to acquire the former Lehigh Valley and Penn Central routes. However, the Chessie System was unable to negotiate labor agreements with affected unions and the Erie Lackawanna routes were conveyed to Conrail on April 1, 1976, under an alternate USRA plan. This gave Conrail four main routes between northern New Jersey and western New York State. These routes are shown in the map in appendix II.

The Final System Plan did not convey to Conrail portions of two branchlines which were connections between the former Erie Lackawanna Scranton route and other railroads. Eliminated were (1) a portion of the Bloomsburg branch of the Erie Lackawanna west of Kingston, Pennsylvania, which connected the Erie Lackawanna at Scranton and the Reading Railroad at Rupert, Pennsylvania, and the Penn Central at Northumberland, Pennsylvania, and (2) the former Central Railroad of New Jersey's (CNJ's) High Bridge branch at High Bridge, New Jersey, which connected the Scranton route and a CNJ mainline.

The following table shows the estimated volume of traffic, in millions of gross tons carried, on each of the four routes for a 3-year period:

	Scranton route (Hoboken, N.J., to Binghamton, N.Y., via Scranton)	Port Jervis route (Hoboken to Binghamton via Port Jervis, N.Y., and Lanesboro, Pa.)	Lehigh Valley route (Jersey City, N.J., to Waverly, N.Y., via Allentown and Wilkes-Barre, Pa.)	Selkirk route (Weehawken N.J., to Buffalo via Selkirk and Syracuse, N.Y.)
1975	12.9	9.5	17.7	a/ 22.0
1976	4.5	7.3	18.6	a/ over 20.0
1977	4.0	b/ 7.9	16.3	a/ 20.1

a/Figures shown represent the portion of the route between Weehawken and Selkirk. The remainder of this route between Selkirk and Buffalo handles 60 to 70 million tons of freight annually.

b/A 21-mile portion of this route between Lanesboro, Pa., and Binghamton, N.Y., carried 13.8 millions of gross tons; however, much of this was traffic of the D&H which has track rights on this segment.

The above figures represent the most heavily traveled portions of the routes--certain segments of each route carry less traffic. The Scranton, Port Jervis, and Lehigh Valley routes merge in New York State to form a single through route to Buffalo and the Midwest. Portions of this route carry in excess of 20 million gross tons annually.

As shown by the preceding table, the traffic on the Scranton route declined substantially after it was conveyed to Conrail. According to Conrail, various operational changes made during 1976 caused this decline. These were:

- The elimination of a number of piggyback trains from both the Scranton and Port Jervis lines. This was done by the Erie Lackawanna in January 1976, 3 months before conveyance, as part of a restructuring of its piggyback service.
- The rerouting of traffic between the Buffalo and Niagara Falls, New York, area and the former Erie Lackawanna area in northern New Jersey to the Selkirk route. This was done because much traffic originating in the Midwest and Canada was already properly classified for further movement east to Conrail's major yard at Selkirk, eliminating the need for additional car handling and movement in the Buffalo area.
- The elimination of traffic which formerly moved over the Scranton route to interchange connections with the other railroads which are now part of Conrail. With the single Conrail system, the former car interchange activities between railroads became unnecessary and more direct service became available.
- The rerouting of a number of unit coal trains serving a generating station in Portland, Pennsylvania, on the Scranton route. The Erie Lackawanna formerly routed these trains from originating points in Hagerstown, Maryland, and Clearfield, Pennsylvania, to Portland over the Bloomsburg branch (which was not conveyed to Conrail), and then over the Scranton route. Conrail has rerouted this traffic so that it reaches Portland by primary routes through Harrisburg and Allentown. According to Conrail, the nonconveyance of the Bloomsburg branch did not affect its decision to reroute the traffic. In the case of traffic originating in Hagerstown, which represented 75 percent of the total, Conrail found that the new route was less costly and more timely because it was shorter and avoided the heavy grades on the Scranton route. Similarly,

the traffic from Clearfield was rerouted because Conrail's cost analysis indicated that it was less costly to reroute the traffic than to operate over the old route.

### Conrail's Evaluation of the Scranton route

Conrail now has four routes between northern New Jersey and western New York State. Together, these routes total over 2,200 track miles. Conrail is in the process of analyzing its route structure to determine which routes will be used as mainline routes for through traffic, and which will be used primarily for local freight service. According to Conrail this process considers the comparative costs for transportation, maintenance of way, and capital and rehabilitation projects. In addition, Conrail made qualitative assessments of the advantages and disadvantages of each route option from the standpoint of operations, marketing, and public policy considerations.

As of November 1977 Conrail management had not made a final decision on its route strategy for the northern New Jersey-western New York State corridor. However, preliminary analyses indicated that the Lehigh Valley route through Allentown and Wilkes-Barre and the Selkirk route are integral parts of Conrail's route network and preferable to the Scranton route for through freight traffic. The Lehigh Valley and Selkirk routes were both identified by the Final System Plan as primary Conrail routes.

In analyzing the advantages and disadvantages of each route, Conrail found that the Scranton route had the following disadvantages (1) lack of substantial local traffic except at Scranton and Mount Pocono, Pennsylvania, (2) a substantial amount of commuter train interference in the New Jersey commuting zone, (3) heavy grades, and (4) relatively high rehabilitation costs. According to Conrail, the Scranton route had about 50 miles of grade in excess of 1 percent, which requires additional locomotives and increases transportation expenses.

The Conrail analysis stated that, although the Scranton route was shorter than the others and generally in good condition, the rehabilitation costs were relatively high because a large proportion of the route was double track and there were a number of large bridges and tunnels. Conrail calculated the cost to rehabilitate the Scranton route at \$20.1 million. In contrast, the combined cost to rehabilitate the Lehigh Valley and Selkirk routes was estimated at \$6.3 million. The estimated cost to rehabilitate the Port Jervis route was \$25.1 million.

According to Conrail, the principal advantages of the Lehigh Valley route were that it was in excellent condition; had generally favorable operating characteristics except for a grade near Pittston, Pennsylvania; served major yards in Allentown and Oak Island, New Jersey; and served major industrial customers in Allentown, Bethlehem, and Mehoopany, Pennsylvania. The Selkirk route also had favorable operating characteristics as it was a level route and it was a key Conrail route serving major yards. Neither route was considered to have significant commuter train interference.

Conrail's analysis indicated that the Port Jervis route also had several advantages over the Scranton route. These included (1) better service to a major rail user in northern New Jersey, (2) less commuter train interference, and (3) less expense to improve the route to handle large railroad cars. Conrail told us that although rehabilitation of the Port Jervis route would cost \$5.1 million more than rehabilitation of the Scranton route, other cost considerations made the Port Jervis route marginally more economically attractive. As of October 1977 Conrail had begun light rehabilitation work on the Port Jervis route.

As stated previously, Conrail had not made a final decision on its long-range plans. In our opinion, Conrail's analyses of the relative merits of each route under consideration were comprehensive and adequately considered the technical and economic aspects of each route. Further, the preliminary conclusions appear logical in light of the facts presented. Therefore, we did not make a detailed analysis of our own.

Effect of designation of Scranton  
route as a class A branchline  
rather than as a mainline

According to Department of Transportation officials, the section 503 report has little impact on making Federal funds available for upgrading Conrail lines, since the Federal investment is made through USRA from the \$2.1 billion authorized under title VI of the Railroad Revitalization and Regulatory Reform Act of 1976. A major purpose of this investment is to provide funding for rehabilitation and improvement of Conrail's lines. Conrail is eligible for Federal assistance funding under title V; however, for it to receive preference share funding the Secretary of Transportation would have to first determine that funds were not available at a reasonable cost from other sources, including the \$2.1 billion authorized under title VI. There is no such restriction in

the loan guarantee program. In addition, the terms of the financing agreement between USRA and Conrail would have to be waived for Conrail to use title V financial assistance. Consequently, should Conrail seek title V funds, an agreement would have to be made among FRA, USRA, and Conrail to provide financing under title V.

Currently, the allocation of funds for rehabilitation and improvement of Conrail lines is based on the Conrail management priorities which were recommended in the Final System Plan. The Final System Plan stated that lines which carried 1 million to 5 million gross tons a year, which included the Scranton route, were to receive normal maintenance but were not included in the rehabilitation program. However, in 1976, Conrail spent \$1,651,136 rehabilitating the Scranton route. This included installation of 60,000 ties and surfacing of 58 miles of track. This work was necessary for safety reasons.

A number of derailments occurred after conveyance and Conrail determined that a certain amount of rehabilitation was needed to continue using the Scranton route. In 1976 the route was used for coal trains and through freight traffic; Conrail continued to use it for a limited amount of through traffic in 1977. Only one of the two tracks was rehabilitated and, in accordance with Final System Plan guidelines, Conrail does not plan any further rehabilitation of the route. In addition to the amount spent on rehabilitation, \$2,828,490 was spent for normal maintenance of the route in 1976 and another \$1,858,472 was spent for maintenance in the first 8 months of 1977.

Community interests in the Scranton area appeared concerned that the Department's classification of the route as a branchline rather than a mainline and Conrail's diversion of through traffic would reduce local service to shippers.

According to Conrail, the actual industrial service within Scranton is basically unchanged from that which was provided by the Erie Lackawanna, and the service connecting Scranton with other major traffic centers is also substantially the same. Conrail stated that generally, local service is unrelated to the through operations at any location. The quality of local service depends on the schedules of (1) freight trains which bring inbound traffic and take outbound traffic, (2) local freight trains which handle cars to outlying stations in the service area, and (3) yard and switching crews which deliver cars to or pull cars from the sidings of local industries.

A comparison between schedules for local freight trains operated by the Erie Lackawanna in March 1976 and those

operated by Conrail in June 1977, showed that service to shippers in the Scranton area was mostly unchanged. A comparative summary of local freight service provided in March 1976, when the Erie Lackawanna still existed and in June 1977 when Conrail was operating, follows.

Local Freight Assignments Operated From Scranton

<u>Destination</u>	<u>Remarks</u>
Stroudsburg and return	Operated daily except Saturday and Sunday. No change in frequency between March 1976 and June 1977.
Avoca and return	Frequency of operations was increased from 5 days a week to 6 days a week.
Lackawanna and Wyoming Valley branch and return	Operated on an "as needed" basis twice a week. No change in frequency between March 1976 and June 1977.
Kingston and return	Frequency of operation was decreased from 5 to 3 times a week. Service was reduced because this train handled interchange service between the Lehigh Valley and Erie Lackawanna, which was eliminated with the advent of Conrail.
Pocono/Portland	Extra service operated when required.
Hoboken, New Jersey, and return	Operated daily. No change in frequency.
Meadville and return	No change in frequency.
Berwick and return	Abolished due to elimination of Bloomsburg branch.
Syracuse	Abolished. Syracuse branch local operates from Binghamton.
Binghamton and return	Operated on an "as needed" basis, as it did under the Erie Lackawanna, except that it now terminates in Hallstead, Pennsylvania.
Jefferson Junction and return	Abolished due to takeover by the D&H.



Visits to seven rail users in the Scranton area showed that a majority believed the frequency of local service provided by Conrail was at least as good as that which the Erie Lackawanna provided. However, this opinion was not unanimous. For example, some rail users complained that the transit time for shipments had increased, while others stated that transit time had not changed. Also, several said that they needed to be more certain of adequate rail service in the future.

Conrail told us that it will make every effort to preserve local service to meet the needs of Scranton area shippers, regardless of the future use of the Scranton route for through traffic.

#### SCOPE OF REVIEW

We examined records and talked with officials at Conrail's headquarters in Philadelphia. We also talked with FRA officials in Washington, D.C. Additional information was obtained from community interests and users of rail services in the Scranton and Stroudsburg, Pennsylvania, areas.

We reviewed documents supporting Conrail's traffic estimates for its line through Scranton and Stroudsburg together with the methods used to prepare these estimates. We also reviewed Conrail's analyses of its route structure in the corridor from northern New Jersey to western New York State. This corridor includes the route through Scranton.

We did not assess the relative merits of the various available routes in this corridor, but we evaluated Conrail's assessments of the routes to determine whether they appeared reasonable. In addition, we reviewed documents pertaining to the closing of Conrail's piggyback terminal in Scranton.

